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TAGS: [KTDB](#) [BTIO](#) [ECON](#) [ETRD](#) [BEXP](#) [MV](#) [ECONOMICS](#)

SUBJECT: IMI MALDIVES INFRASTRUCTURE OPPORTUNITIES

REF: Colombo 1308

1. Summary: The Government of Maldives has ambitious infrastructure development plans that present new business opportunities for US companies. Projects include commercial ports and fisheries harbors, airports, new residential and resort islands, land bridges, information and communication technology networks and electricity generation. In addition, the telecommunications and tourism sectors are to be expanded. Proposals that include financing options are particularly attractive. Bidding has closed for some of the projects, but significant subcontracting and supply opportunities may be available. End Summary.

2. The following projects represent the most significant infrastructure upgrades taking place in the Republic of Maldives:

Northern Transshipment Port

The Government of the Republic of Maldives (GORM) is seeking financing for a deep-water port on the island of Huvarafushi, in the north, to serve as a transshipment point for cargo destined for ports on the east coast of India. India does not have a deep-water port due to its continental shelf, which runs far out into the sea on the east coast. GORM has completed an economic feasibility study on the proposed port, and an engineering study is planned. GORM hopes to start construction by 2005. A British-based consortium is currently developing the project, which will be built on BOT (Build, Operate & Transfer) terms for 35 to 40 years. The port will be privately owned, although the GORM will maintain 15 percent interest. Over 60 percent of the \$500,000 million required finance has been raised, and GORM is looking for a private consortium to fund the remainder.

For more information, please contact:
Ministry of Trade and Industries
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Maldives Ports Development Project - Regional Ports

Two commercial ports are currently under construction: in the north (Haa Dhaalu Atoll, Kulhudhuffushi Island) and the south (Addu Atoll, Hithadhoo Island). Both are scheduled to be completed in February 2005 and ready for operation by the end of March 2005. The ports will operate primarily for international shipping, but each port will include one berth for domestic boats for trans-shipment to the other islands. The northern port, which is sheltered, will accommodate ships up to 1000 gross tons at the alongside quay, while larger ships will have to anchor outside and be lightered using barges and tugs. The southern port, which is open to the lagoon inside the atoll, will accommodate up to 3000 gross tons at its alongside quay.

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Link Bridge

A bridge linking the capital Male' with Male' International Airport (Hulhule Island) is in development through the Ministry of Transport and Civil Aviation. Hulhule is already connected by a sand causeway to the developing

settlement of Hulhumale. The government has sought bids for consultants and financiers for the establishment of a dual carriage four-lane bridge, on BOT terms.

The distance between the islands of Male' and Hulhule, at the proposed linkage sites, is approximately 1000 meters (1km), with a depth of up to 50 meters. The project will include an underpass of approximately 360 meters and other links between Male' and Hulhule Island. Closing date for consultancy services was May 24, 2004. Closing date for submission of Expression of Interest for financing was June 30, 2004. Winners will need both product and services support.

The GORM is also planning to build a bridge connecting Male' and Villingili, the next closet residential island. There is no timeframe currently on this project.

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Harbor Dredging for Fishing Villages

The initial stage of a harbor-dredging project is currently underway, dredging the shallow waters of 20 islands over four developmental regions to increase harbor accessibility. The Maldives Transport and Contracting Company (MTCC) will carry out dredging.

A total of 104 islands do not have an access to a constructed harbor. The Ministry of Planning and National Development has assessed 92 islands in need of harbors, 70 of which are covered in the project. The remaining islands have been provided with a harbor, have one in the planning stages or possess natural harbors with easy accessibility.

The Ministry has not yet named all the islands to be included in this project. The second phase of the project will involve a bidding process for the construction of jetties.

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Hulhumale Development

The GORM initiated the Hulhumale construction project in 1997 in response to limited land space and overcrowding problems. Named after Hulhule Island and the capital Male' Island, Hulhumale is a new landmass near Male' Island created by reclamation of an area around Hulhule Island where Male' International Airport is located. The project is divided into three reclamation and development phases. The first phase consists of residential, factory, mosque, and business buildings and public utilities. The latter phases will develop high-rise housing and commercial buildings and an area reserved for the airport's future expansion.

Over \$62 million has been spent to date on the first stage of Phase 1, which has reclaimed 465 acres of land. About 1000 people are currently in residence on the island, and basic amenities such as electricity, water and telecommunications are available at the same rates as Male'. Approximately 50,000 people are expected to take residence by the end of Phase 1 in 2020. At the end of the entire project, the island should accommodate 150,000 people, or around one-half of the current population of the Maldives.

During the course of the year, the Hulhumale Development Unit (H DU) is to put up for tender the building of 232 condominiums.

For more information, please contact:
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The GORM recently accepted bids for consultant services for

a feasibility study of a potential business park to be based on Hulhumale. The park would be built on a 'build and operate' basis and will include office space, duty free shopping complex, government center, technology center, re-export processing center, banks, restaurants, administrative offices and a transport center.

For more information on the status of the project, please contact:

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Resort Island Development

Bids closed on July 4 for eleven newly designated resort islands. The new resorts will be privately owned and operated for a lease period of 25 years. The results of the tender will be announced in September 2004 and the resorts are expected to be ready within 18 months. An IMI with pertinent information on the successful bidders will follow once bids have been awarded.

The new resorts will be located in the outermost atolls and will consequently require heavy investment in transportation in addition to resort infrastructure such as power plants, desalination plants, incinerators, and compactors, as well as appliances and furnishings.

For more information, please contact:

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Airport Development Project

The GORM has identified six islands spread throughout the atolls for future private airport development. These domestic airports will have 200-meter runways and basic standard development costs approximating \$2.5 million. Some islands will require land reclamation, and costs would increase accordingly. One of the six islands, in Ari Atholhu Atoll, is currently under development by Villa Shipping and Trading Co., which also owns resort islands in the area, at a cost of about \$10 million including land reclamation. Others are open to development with no specific timeframe. Airport development is encouraged by the recent opening of eleven new resort islands, spread throughout the atolls, which will require transport services to and from Male' International Airport. The small number of hotel beds that could be served by additional domestic airports, however, may not make airport development feasible in the near future.

Islands open for airport development include: Dhigurah (Shaviyani Atoll), Emboodhoofushi (Dhaal Atoll), Usfushi (Thaa Atoll), Dhiyadhoo (Gaaf Alif Atoll), Fuammulah (Gnaviyani Atoll).

For more information, please contact:

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Male' International Airport Upgrade Project - Phase IV

Expansion is underway to ease crowding at Male' International Airport. Phase IV of the Male' Airport Upgrading Project, launched in 2002, includes: Departure Terminal Extension; New Power House and High Voltage Distribution System; New Air Traffic Control Tower and ATS Building; New Domestic Terminal; Institutional Strengthening and Manpower Development; and MSS Radar and extended VHF System. Total cost is \$33 million. All tenders have been awarded and construction should be completed by year's end. There may be supply and service opportunities with the tender winners.

For more information, please contact:

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Cellular Phone Liberalization

The Telecommunications Authority of the Maldives (TAM) is opening the mobile cellular service sector to competition and plans to issue a second nationwide mobile license. Reftel provides additional information on this opportunity.

Network Turnkey Project

Seven parties are bidding to build a network under the Information Technology Development Project (ITDP). The Network (Turnkey) component of the ITDP, for the establishment of the Government Network of Maldives (GNM), is expected to begin late this year and be completed by the end of 2006. This network will electronically connect government organizations in Male' and on 23 main islands and will be composed of a Metropolitan Area Network built over Ethernet and DSL technologies; a National Satellite Network for the connection of islands; distribution networks for the connection of sites inside the islands; and common network infrastructure for the hosting of government applications and the secured access to the Internet. Network equipment will be complemented with the required civil works, engineering, installation, validation, maintenance and training services to achieve a fully operational result.

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Outer Island Electrification

The Republic of Maldives has received a loan from the Asian Development Bank (ADB) towards the cost of the Outer Islands Electrification Project. The Ministry of Atolls Development is inviting bids for the implementation of a turnkey contract for the improvement of electricity supply in 12 sub-project areas in 12 islands through the installation, augmentation, expansion or modification and adjustment of the following: powerhouses, bulk fuel tanks, diesel generator sets with auxiliary equipment including daily fuel tanks, generator and distribution control, protection and measurement panels, and underground distribution systems, including trenching, cables, and distribution boxes, customer sub-mains and meter boards. International competitive bidding will be conducted in accordance with ADB's Two-Stage: Two-Envelope bidding procedure and is open to all bidders from eligible source countries. Bids were due on July 2, 2004.

For more information, please contact:

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ENTWISTLE